

AMENDMENTS TO THE SPECIFICATION:

Please amend the paragraph on page 15, lines 11 through 18 as follows:

The first image input unit 101 is connected to an ~~image-sensing device~~
image-sensing device such as a camera or the like, or an external image signal output device.
The first image input unit 101 inputs luminance and chromaticity signals which form a first
image signal to be encoded in a raster scan order, and the input signals undergo transformation in
the first discrete wavelet transformer 102.

Please amend the paragraph on page 16, lines 10 through 20 as follows:

Fig. 2B shows a state wherein the input multi-valued image signal is segmented into
different frequency bands as a result of the transformation process by the first discrete wavelet
transformer 102 with the arrangement shown in Fig. 2A. In this example, the respective
frequency bands are labeled ~~like~~ as HH1, HL1, LH1, HH2, HL2, LH2, and LL. In the following
description, one set of transformation processes in the horizontal and vertical directions are
considered as one level of decomposition, and the frequency bands HH1, HL1, LH1,..., LL will
be referred to as subbands.